

# Question # 03

day / date:

(SOEs of Pakistan How and Why they should be Privatized)

## 1. Introduction

Pakistan's State-Owned Enterprises have been a chronic burden the economy and budget. They are needed to be privatized through a proper process. There are various reasons why governments around the world establish these enterprises. Similarly, Pakistan has its own SOEs. However, due to precarious economic situation of Pakistan, these have proved to be a liability. It can also be analyzed from the historical perspective that nationalization was a 'failed' step. In current scenarios, case studies of PIA and PSM also enforce the need of privatization through a calculated process.

## 2 - State-Owned Enterprises and the Reasons They Exist

State-Owned Enterprises (SOEs) are business entities owned by government at national, regional and local level. These are established to provide goods and services, and support economic development. The major focus of these business entities is to



focus on the national interests such as energy, healthcare, transportation etc. These enterprises are mainly funded by public collected from public. Many developed and developing countries have SOEs which are majority established for commercial activities on behalf of the government. For instance, USA's Railroad Corp., UK's BBC, India's Oil Corporation etc.

### 3- Pakistan's State-Owned Enterprises (SOEs)

Pakistan own various SOEs from transportation sector to communication to energy sector. Following are some of the SOEs in Pakistan:

- a- Pakistan International Airline (PIA)
- b- National Highway Authority (NHA)
- c- Pakistan Railways
- d- Pakistan Broadcasting Corporation

### 4- Current Economic Situation of Pakistan

Pakistan's economic situation is extremely precarious. Economic instability has been a persistent issue. Combined with political instability and social unrest, it is going through a disastrous situation. Her economy is completely dependend on external loans. To repay these loans, Pakistan borrows more loan, it's a vicious cycle she's stuck in. For



instance, in FY 24-25, Pakistan's debt servicing is given a huge budget deficit of

## 5. Pakistan's History of Nationalizing Entities

Pakistan has a history of nationalizing the companies. In early 50s and 60s, most of the companies were either private or public-private entities. During the tenure of Zulfikar Bhutto in 1970s, the country saw large-scale nationalization. From banking sector to health, industries and education, various entities were brought under the public control.

## 6. Impacts of Nationalizing These Entities

This major nationalization process was under the pretext of equality. With advantages like reduction of wealth concentration, expansion of access to essential services, it had brought more disadvantages to the country. Corruption and inefficiency found its way in every sector. Investors lost confidence on the Pakistani market which resulted in lack of competition and innovation. Red tape bureaucracy slowed major process of public concerns. Many left unemployed as government took over the companies.



## 7- Reasons Why SOEs Have Become A Chronic Burden on Pakistan's Economy

With only limited advantages, the SOEs have become a chronic burden on the economy. According to Annual Report on Federal SOEs of the financial year 2023, hardly 15 entities are making profits and twenty-three are at loss. Major reasons of which are debt accumulation, poor management, over-staffing, political intervention, reliance on government subsidies etc. With a dwindling economy, the loss and burden of these entities are only getting bigger.

## 8- Case Studies

### i- Pakistan International Airline (PIA)

Pakistan's International Airline was one of the best airlines. Currently, it is facing financial loss of over Rs. 600 billion. It has around 14,000 staff for a fleet of less than 30 active aircrafts i.e., very high ratio of staff. This overstaffing is result of political intervention. Whereas, the financial loss has led to poor standards, outdated aircrafts, inefficient route planning etc. Resultantly, it was banned by European Union in 2020 due to low standards.



## ii- Pakistan Steel Mills (PSM)

PSM was one of the key players in Pakistan's industrial sector. It was established in 1970s to meet the steel demands. but has been non-operational for years. Its accumulated loss has exceeded 150% more than the cost price of installation. Reasons for such state are corruption, over-staffing, political influence, mismanagement, outdated technology etc. Its non-operational budget was major contributor to ever-increasing fiscal deficit of Pakistan.

## 9. Privatization is the Key to Restore Life in the SOEs

Just as in the cases of PIA and PSM, government has been planning to privatize both entities. Therefore, it is essential that rather than running an entity at loss, that only adds burden to the deficit, it should be privatized. The government needs to make a clear policy to privatize entities. Identifying entities that need semi-privatization, complete privatization or just restructuring. The government must form independent regulatory bodies over the private companies to ensure transparency. Lastly, privatization must occur in phases to tackle resistance, deal with mismanagement and attract investors.



## 10 - Critical Analysis

Concluding the entire arguments, it can be concluded that nationalizing entities have been more disadvantageous to the Pakistani economy. It already faces twin deficit and to run the companies at loss is detrimental and a burden to the economy and public. Historical perspective proves that public-private partnerships are more beneficial for the economy of Pakistan. With proper regulatory bodies over the private companies, these SOEs at loss can perform better.



# Question #02

day / date:

(HTS toppled Assad's Regime. Reasons and Implications on Syria)

## 1. Introduction

Bashar Al-Assad's Regime has been toppled by the Hayat At-Sham (HTS) group in Syria. Bashar's rule has been deeply unpopular in Syria. Under his regime, civilians were jailed and murdered hence he was called a 'global pariah' by the international media. As soon as Russia and Iran looked away, combined with his unpopularity, HTS took over his government without any difficulty. With other factions in Syria, along with Israel's ongoing attempt to enter further in Syria, there is a huge risk of civil war. On the other hand, Russia and Iran may try to regain their political influence also with the U.S. bombing can lead to regional war.

## 2. Syria Under Assad's Regime

Bashar Al-Assad's rule began as a fresh and welcoming change for Syria. He took measures to prove to the world that Syria was moving to a modern regime. When the 'Arabic Spring' hit the region in 2011, it challenged Assad's



rule. People started to demand for a democratic rule. Their demand for a representative government soon snowballed into a revolution and later on took into a civil.

## a- Bashar Al-Assad

Bashar Al-Assad was the younger son of Hafez Al-Assad. When his elder brother, Bassal Al-Assad, died, he was doing his post-graduation practice in medicine in the United Kingdom. After his brother's death, his destiny took him to the labyrinth of Syrian politics. For years, his father strained him and soon after his father died, he took over the government.

## b- Bashar Al-Assad Labelled as Global Pariah

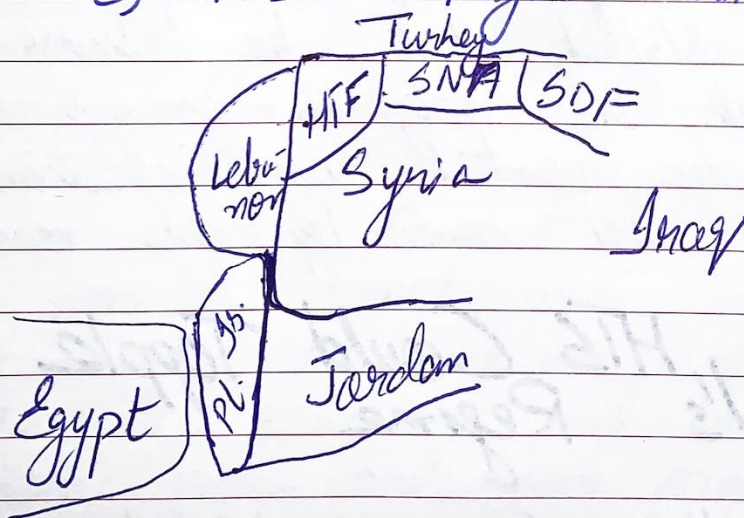
During the era of civil war, post Arab Spring revolutionary marches, he made his army stand against his own people. He became highly unpopular soon after. He is said to imprison many activists in jails like dungeons and attacked civilians with acidic chemicals. For these reasons, he has been labelled as "Global Pariah".



### 3. Various Religio - Political Factions in Syria

Even under Bashar Al-Assad's regimes Syria was divided under various groups. These groups had religio-political motives and each was fighting for territorial gain in Syria. The three major factions were as following:

- SDF = Syrian Democratic Forces led by Kurdish groups
- SNA = Syrian National Army led by Turkish support
- HTS = Hayat Tahrik al Sham



- General understanding of territorial regions of each group



## 4. Syrian Government in the Hands of HTS

After toppling Assad's Regime, the HTS has appointed a transitional government till March 2025. The group has been running the administrative and governmental affairs in Idlib, the area that was under their control. The HTS has had long ties with the Al-Qaeda; therefore, the group is labelled as a terrorist group by international leaders. The group has made several claims to have severed ties with Al-Qaeda and they are seeking recognition from other countries. The HTS leader stated that he believes in co-existence of all the religious groups in Syria and that he wanted an institutional government that is not run by one man.

## 5. Reasons Why HTS Could Topple Assad's Regime

The Assad's Regime has been fighting multiple groups to resist the territorial gain. His government was allegedly supported by Russian and Iranian governments. With Russia busy in Ukraine war and Iran involved in tackling problems in west Asia, the rebels found an opportunity to



~~overthrew~~ the government. HTS took over without any fight, as the soldiers, who were underpaid, did not resist in favour of their government. With Assad's Regime gone, Iran and Russia have lost their major proxy in the country.

## 6. Potential Implications on Syria After HTS Has Takenover

Although the leader of HTS has shown inclination for an inclusive government, the other factions like SNA and SDF have not responded. So there's a threat looming for territorial gain in the north of the country. Whereas, in the south-west Israel has crossed Golan Height for further land grab in Syria. All these indicators point towards a possible civil war in the country. Furthermore, with the vacuum created after a running government gone, it will take years to run economic cycle and form proper governmental structure.

## 7. Implications on the Region After Assad's Regime is Gone

Just as Taliban Takeover in Afghanistan in 2022, the HTS takeover need recognition from the countries. Due to its par



ties with Al-Qaeda, recognition seems highly unlikely in the near future. Rather the looming threat of civil war can make the region further unstable. The ISIS and Kurdish aspirants' resurgence can cause involvement from the U.S. and Turkey. The social fabric of Syria can break further leading to refugee crisis. All of these factors, if exacerbated, can trickle down to a regional war.

## 8. Critical Analysis: Shift in the Power of Global Actors

Hence after the fall of Assad's regime, there is still a power vacuum in Syria. Although HTS has taken over, Israel and the U.S. will want to make sure that Russia's and Iran's setback does not re-emerge. Whereas, Iran can face backlash from the Sunni groups too. So the vacuum so far has favoured the U.S. and Israel and shifted away the influence of Russia and Iran.